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I. BACKGROUND

A. The United States of America ("United States"), on behalf of the Administrator of the United States Environmental Protection Agency ("EPA"), filed a complaint containing claims in its First Claim for Relief against Rudi R. Vafadari, individually and as trustee of the Vafco Trust; Vafco Trust; Sohrab Najmi; and Parvin Najmi (hereinafter "the Cost Defendants"); and Arden Properties, Inc. in Civil Action No. 96-143/PHX EHC pursuant to Section 107 of the Comprehensive Environmental Response,

Compensation, Liability Act (hereinafter "CERCLA"), 42 U.S.C. § 9607.

- B. In its complaint the United States also asserted claims in its Second Claim for Relief against Rudi R. Vafadari seeking civil penalties pursuant to Section 104(e) of CERCLA, 42 U.S.C. § 9604(e).
- C. In its complaint, the United States also asserted claims in its Third Claim for Relief against Rudi R. Vafadari; the Vafco Trust; Donald Taylor Streets; Ruhiya Vafadari Streets; Steven C. Calrow; Tabandah V. Calrow; Arden Properties, Inc.; Rana Limited Partnership; and Ruwest, Inc., (hereinafter, "the Third Claim Defendants") seeking an order declaring certain transfers of real property to be fraudulent conveyances pursuant to the Federal Debt Collection Procedures Act of 1990, 28 U.S.C. §§ 3302-3307.
- D. The complaint filed by the United States seeks, in the First Claim For Relief, to recover from the Cost Defendants costs incurred by the United States in connection with the release and threatened release of hazardous substances into the environment

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 at a subsite of the Indian Bend Wash South Area Superfund Site referred to as the Diversified Enterprises, Inc. Site, formerly doing business as DCE Circuits, which is composed of three parcels of real property located at 1300-1360 East Eighth Street, Tempe, Arizona (hereinafter "the Site").

- E. The Defendants who are parties to this Consent Decree (hereinafter "the Defendants") do not admit to any liability with respect to any allegation of law or fact arising out of the transactions or occurrences alleged in Plaintiff's complaint.
- F. Pursuant to Section 104 of CERCLA, 42 U.S.C. § 9604, commencing on or about June 2, 1988, EPA conducted "removal" and "remedial" actions within the meaning of Section 101(23) and (24) of CERCLA, 42 U.S.C. § 9601(23) and (24), at the Site.
- G. The parties entered into a consent decree, which was lodged with the Clerk of the Court on March 23, 1998 (the "First Consent Decree"). Under the First Consent Decree, the defendants were to pay \$328,500 in settlement of the cost recovery claim, and a civil penalty of \$10,000 in settlement of the claim for failure to submit timely and complete responses to the information requests.
- H. On September 28, 1998 National Mortgage Co. sued Arden Properties, Inc. and other defendants in Arizona Superior Court.

 See National Mortgage Co. v. Vafadari, et al., No. CV98-17608

 (Az. Sup. Ct. filed Sept. 28, 1998.). On September 29, 1998,

 Arden Properties, Inc. filed a petition for bankruptcy under Chapter 11 of the Bankruptcy Code to stop collections of rent by National Mortgage. See In re Arden Properties, Inc., No. 98
 12312-PHX-RGM (Bankr. D. Ariz.). Pursuant to Arden Properties,

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27 28 Inc.'s confirmed plan of reorganization, Arden owes National Mortgage \$480,000 to be paid over fifteen years at 10.0% interest and owes the United States \$338,500 to be paid over 8 years. Arden has already paid \$53,000 of this amount, leaving \$285,500 owing over the remaining 7 years. Due to Arden Properties' bankruptcy, the United States did not seek entry of the First Consent Decree, and the Court did not enter the First Consent Decree.

- The purposes of this Consent Decree are to settle the I. plaintiff's claims against all defendants except Arden Properties, Inc. (the "Cost Defendants") and: 1) to provide for Cost Defendants' reimbursement of costs incurred by the United States in responding to contamination at the Site to the extent of the Cost Defendants' ability to pay; 2) to pay civil penalties pursuant to Section 104(e) of CERCLA, 42 U.S.C. S 9604(e); and 3) to provide for release of claims set forth in the Second and Third Claims for Relief of the Complaint.
- The Parties recognize, and the Court by entering this Consent Decree finds, that this Consent Decree has been negotiated by the Parties in good faith, that implementation of this Consent Decree will avoid prolonged and complicated litigation between the Parties, and that this Consent Decree is fair, reasonable, and in the public interest.

THEREFORE, with the consent of the Parties to this Decree, it is ORDERED, ADJUDGED, AND DECREED:

II. JURISDICTION

This Court has jurisdiction over the subject matter of this action pursuant to 42 U.S.C. §§ 9607(a) and 9613(b), 28

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U.S.C. §§ 1331, 1345 and 3306-3307. Solely for the purposes of this Consent Decree and the underlying complaint, the Defendants waive all objections and defenses that they may have to jurisdiction of the Court or to venue in this District and shall not challenge the entry of this Consent Decree or this Court's jurisdiction to enter and enforce this Consent Decree.

III. PARTIES BOUND

2. This Consent Decree is binding upon the United States and upon the Defendants and their successors and assigns. Any change in ownership or corporate or other legal status, including but not limited to any transfer of assets or real or personal property, shall in no way alter the status or responsibilities of the Defendants under this Consent Decree.

IV. <u>DEFINITIONS</u>

- 3. Unless otherwise expressly provided herein, terms used in this Consent Decree which are defined in CERCLA or in regulations promulgated under CERCLA shall have the meaning assigned to them in CERCLA or in such regulations. Whenever terms listed below are used in this Consent Decree or in any appendix attached hereto the following definitions shall apply:
- a. "CERCLA" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601, et seq.
 - b. "Consent Decree" shall mean this Decree.
- c. "Cost Defendants" shall mean Rudi R. Vafadari, individually and as trustee of the Vafco Trust; Vafco Trust; Sohrab Najmi; and Parvin Najmi, who are the named defendants in the First Claim for Relief of the Complaint.

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- "DOJ" shall mean the United States Department of d. Justice and any successor departments, agencies or instrumentalities of the United States.
- "Interest," shall mean interest at the rate prevailing pursuant to 26 U.S.C. § 6621 at the time interest begins to run under any term of this Consent Decree.
- "National Contingency Plan" shall mean the National Cil and Hazardous Substances Pollution Contingency Plan promulgated pursuant to Section 105 of CERCLA 42 U.S.C. \$ 9605, codified at 40 C.F.R. Part 300, including but not limited to any amendments thereto.
- "Parties" shall mean the United States, Rudi R. q. Vafadari, individually and as trustee of the Vafco Trust; Vafco Trust; Arden Properties, Inc.; Sohrab Najmi; Parvin Najmi; Donalo Taylor Streets; Ruhiya Vafadari Streets; Steven C. Calrow; Tabandah V. Calrow; Arden Properties, Inc.; Rana Limited Partnership; and Ruwest, Inc.
- "Response Costs" shall mean all costs, including, but not limited to, all prejudgment interest and indirect costs, whether incurred prior to or subsequent to the entry of this Consent Decree, incurred by the United States with regard to the Site.
- "Site" shall mean the DCE Circuits Site at 1300-1360 Eighth Street, consisting of three parcels of real property in Tempe, Arizona that are identified in the complaint in this action and at which disposal of hazardous substances occurred.
- "Third Claim Defendants" shall mean Rudi R: Vafadari; Vafco Trust; Arden Properties, Inc.; Donald Taylor Streets;

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Ruhiya Vafadari Streets; Steven C. Calrow; Tabandah V. Calrow; Arden Properties, Inc.; Rana Limited Partnership; and Ruwest, Inc., who are the named defendants in the Third Claim for Relief of the Complaint.

- k. "United States" shall mean the United States of America and its agencies and instrumentalities.
- 1. "U.S. EPA" shall mean the United States Environmental Protection Agency.
- m. "Vafadari Defendants" shall mean Rudi R. Vafadari, individually and as trustee of the Vafco Trust; Vafco Trust; and Arden Properties, Inc.

V. REIMBURSEMENT OF RESPONSE COSTS AND CIVIL PENALTY

4. Payments

Reimbursement of response costs to the United States
Superfund shall be paid on the following terms:

- a. Within thirty (30) days of the entry of this Consent Decree, Cost Defendants shall be jointly and severally obligated to pay the sum of three thousand dollars (\$3,000) to the United States; and three thousand dollars (\$3,000) per year for each of the subsequent four years on the anniversary of the first payment for a total of fifteen thousand dollars (\$15,000);
- b. Payments pursuant to subparagraph a of this Paragraph shall be made by Electronic Funds Transfer ("EFT" or wire transfer) to the U.S. DOJ lockbox bank, referencing CERCLA Site ID Number 09Y1, AZD980695969 DOJ Number 90-11-2-413C, and the U.S.A.O. file number 9602074. Payment shall be made in accordance with instructions provided by the United States to Defendants upon execution of the Decree. Any EFTs received at

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the U.S. DOJ lockbox bank after 11:00 A.M. (Eastern Time) will be credited on the next business day;

- c. Within thirty (30) days of the entry of this Consent Decree, Rudi R. Vafadari shall pay a total civil penalty amount of five thousand dollars (\$5,000) in satisfaction of the claims of the United States in the Second Claim for Relief of its Complaint in which it seeks civil penalties pursuant to Section 104(e)(5)(B) of CERCLA, 42 U.S.C. § 9604(e)(5)(B);
- d. Payments pursuant to subparagraph c of this Paragraph shall be made by certified or cashiers check payable to "Treasurer, United States of America" and tendered to:

United States Attorney District of Arizona Financial Litigation Unit 405 West Congress, Suite 4900 Tucson, Arizona 85701-5041

- The Defendants, have previously, during the period from approximately October 16, 1991 to July 12, 1993, made monthly payments in the total amount of \$10,500 as partial reimbursement of response costs incurred at the Site.
- When any notice is provided by any Defendant pursuant f. to this paragraph, such notice shall be sent to U.S. EPA and DOJ as provided in Section XIII (Notices and Submissions) and to Brian Byrne, Regional Financial Management Officer, Environmental Protection Agency, Region IX, 75 Hawthorne Street, (Mail Code P-4-1), San Francisco, California 94105, that payment has been made. Notice shall include reference to U.S.A.O. File Number

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9602074, the EPA Region and CERCLA Site ID Number 0Y91, AZD980695969, and DOJ Case Number 90-11-2-413C.

VI. LATE PAYMENTS

- 5. If the Cost Defendants fail to make complete and timely payment of any amounts owed by them pursuant to Paragraph 4, the defaulting Defendants shall also pay a stipulated penalty of two hundred dollars (\$200.00) per day that such payment is late.

 Interest shall accrue on the unpaid balance from the date it is owed through the date of collection.
- 6. If the United States brings an action to enforce this Consent Decree, Cost Defendants shall reimburse the United States for all costs of such action, including but not limited to costs of attorney time.

VII. COVENANT NOT TO SUE AND RESERVATIONS OF RIGHTS

7. In consideration of the payments that will be made by the Cost Defendants under the terms of the Consent Decree, and except as specifically provided in Paragraphs 8, 9, and 11, the United States covenants not to sue or to take administrative action against Cost Defendants pursuant to Section 107(a) of CERCLA, 42 U.S.C. § 9607, relating to the Site. This covenant not to sue shall take effect upon the receipt by the United States of all payments required by Sections V and VI. This

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covenant not to sue is conditioned upon the complete and satisfactory performance by Cost Defendants of their obligations under this Consent Decree. This covenant not to sue extends only to the Cost Defendants and does not extend to any other person.

- 8. Notwithstanding any other provision of this Consent
 Decree, the United States reserves, and this Consent Decree is
 without prejudice to, the right to institute proceedings seeking
 to compel Cost Defendants (1) to perform further response actions
 relating to the Site or (2) to reimburse the United States for
 additional costs of response if: (i) conditions at the Site,
 previously unknown to the U.S. EPA are discovered, or (ii)
 information, previously unknown to U.S. EPA, is received, and
 these previously unknown conditions or information together with
 any other relevant information indicates that U.S. EPA's response
 actions are not protective of human health or the environment.
 Cost Defendants reserve their defenses in any such further
 proceedings.
- 9. For purposes of Paragraph 8, the information and the conditions known to U.S. EPA shall include only that information and those conditions, including information relating to ground water, set forth in the administrative records supporting response actions taken at the Site prior to the lodging of this Consent Decree, and any information or data generated or obtained

 by U.S. EPA prior to the lodging of this Consent Decree and in connection with response actions at the Site or litigation of this case.

- 10. The covenant not to sue set forth above does not pertain to any matters other than those expressly specified in Paragraph 7.
- 11. The United States reserves, and this Consent Decree shall be without prejudice to, all rights against the Cost Defendants with respect to all other matters, including without limitation any claims against the Cost Defendants under CERCLA for injunctive relief, for response costs, or for penalties or damages not covered by this Decree and, including, without limitation, the following:
- (a) claims based on a failure by the Cost Defendants to meet a requirement of this Consent Decree;
- (b) liability arising from the past, present, or future disposal, release, or threat of release of hazardous substances not relating to the Site;
- (c) liability for damages for injury to, destruction of, or loss of natural resources and the costs of assessment thereof;
 - (d) claims for criminal liability;
- (e) claims arising from claims against the United States by any person or entity for damages, reimbursement, or compensation

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arising from or relating to Cost Defendant's actions under this Decree; and

(f) claims of the United States for interest on the foregoing.

Cost Defendants reserve their defenses in any such further proceedings.

VIII. COVENANTS BY COST DEFENDANTS

12. Cost Defendants hereby covenant not to sue and agree not to assert any claims or causes of action against the United States with respect to the Site or this Consent Decree, including, but not limited to, any direct or indirect claim for reimbursement from the Hazardous Substance Superfund established pursuant to the Internal Revenue Code, 26 U.S.C. § 9507, through CERCLA Sections 106(b)(2), 107, 111, 112, or 113, or any other provision of law, any claim against the United States, pursuant to CERCLA Sections 107 and 113, 42 U.S.C. §§ 9607 and 9613, related to the Response Costs, or any claims arising out of response activities at the Site. Nothing in this Consent Decree shall be deemed to constitute preauthorization of a claim within the meaning of Section 111 of CERCLA, 42 U.S.C. § 9611, or 40 C.F.R. § 300.700(d).

IX. CONTRIBUTION PROTECTION

13. Nothing in this Consent Decree shall be construed to

create any rights in, or grant any cause of action to, any person not a party to this Consent Decree. Each of the Parties expressly reserves any and all rights (including, but not limited to, any right to contribution), defenses, claims, demands, and causes of action which each party may have with respect to any matter, transaction, or occurrence relating in any way to the Site against any person not a party hereto.

- Defendants for Response Costs, the Parties hereto agree that, upon receipt by U.S. EPA of the payments required by the Consent Decree, Cost Defendants are entitled to such protection from contribution actions or claims as is provided by CERCLA Section 113(f)(2), 42 U.S.C. \$ 9613(f)(2), for "matters addressed" in this settlement. "Matters addressed" shall mean all costs incurred and to be incurred by the United States, or any other party in connection with the Site and all response action taken or to be taken in connection with the Site as of the date of entry of this Consent Decree.
- 15. Cost Defendants agree that with respect to any suit or claim for contribution brought by them for matters related to this Consent Decree, they will notify the United States in writing no later than sixty (60) days prior to the initiation of such suit or claim. Cost Defendants also agree that with respect

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to any suit or claim for contribution brought against them for matters related to this Consent Decree, they will notify in writing the United States within ten (10) days of service of the complaint on them. In addition, Cost Defendants shall notify the United States within ten (10) days of service or receipt of any Motion for Summary Judgment and within ten (10) days of receipt of any order from a court setting a case for trial for matters related to this Consent Decree.

In any subsequent administrative or judicial proceeding initiated by the United States for injunctive relief, recovery of response costs, or other appropriate relief relating to the Site, Cost Defendants shall not assert, and may not maintain, any defense or claim based upon the principles of waiver, res judicata, collateral estoppel, issue preclusion, claim-splitting, or other defenses based upon any contention that the claims raised by the United States in the subsequent proceeding were or should have been brought in the instant case; provided, however, that nothing in this Paragraph affects the enforceability of the covenants not to sue set forth in Section VII.

CERTIFICATIONS OF COST DEFENDANTS Х.

- Certification with Respect to Provision of Information 17.
- Cost Defendants certify that, to the best of their knowledge and belief, they have provided U.S. EPA all information

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currently in their possession, custody, or control, or in the possession, custody, or control of their officials, employees, contractors, or agents, which relates in any way to the ownership, operation, generation, treatment, composition, characteristics, transportation, or disposal of hazardous substances at or in connection with the Site, and that the information so provided accurately reflects Cost Defendants' best information about the kind and quantity of hazardous substances delivered to the Site or to another for transport to the Site. Cost Defendants further certify that they have provided to U.S. EPA a full and complete response to any U.S. EPA request for information pursuant to Section 104(e) of CERCLA, 42 U.S.C. § 9604(e). If the Cost Defendants discover additional information or documents relating to the subjects identified above, Cost Defendants shall immediately notify U.S. EPA, and shall provide the information or documents to U.S. EPA.

b. Certification with Respect to Financial Information

The Parties recognize that the payments which the Cost

Defendants are required to make pursuant to this Consent Decree

reflect a compromise resulting from an assessment of the Cost

Defendants' financial condition based upon information provided

to the United States by the Cost Defendants. Cost Defendants

hereby certify that they have fully and accurately responded to

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all requests for financial information propounded by the United States. In the event that Cost Defendants have failed to supply information that, if it had been supplied, would have produced a materially different assessment of Cost Defendants' financial condition, or if the information supplied by Cost Defendants is found to be false or misleading in a material respect, then the United States' covenants not to sue the Cost Defendants contained in Paragraph 7 of this Consent Decree shall be rendered null and void, and the United States may commence an action against the Cost Defendants to obtain additional reimbursement of response costs or injunctive relief.

XI. RELEASE OF CLAIMS IN SECOND CLAIM FOR RELIEF

18. Payment of the sums set forth as a civil penalty in the amount provided in Paragraph 4.c. of this Consent Decree, shall constitute full satisfaction of the claims of the United States against Rudi R. Vafadari described in the Second Claim For Relief stated in paragraphs 58 through 69 of the Complaint pursuant to Section 104(e) of CERCLA, 42 U.S.C. § 9604(e). Rudi R. Vafadari will pay his own costs, including attorneys fees with respect to the Second Claim for Relief.

XII. RELEASE OF CLAIMS IN THIRD CLAIM FOR RELIEF

19. Payment of the response costs in the amounts provided in Paragraphs 4.a. and e. shall constitute full satisfaction of

the claims of the United States against the Third Claim

Defendants described in the Third Claim for Relief stated in

paragraphs 70 through 111 of the Complaint pursuant to Sections

3302-3307 of the Federal Debt Collection Procedures Act, 28

U.S.C. §§ 3302-3307. The Third Claim Defendants will pay their

own costs, including attorneys fees.

XIII. NOTICES AND SUBMISSIONS

20. Whenever, under the terms of this Consent Decree, notice is required to be given or a document is required to be sent by one party to another, it shall be directed to the individuals at the addresses specified below, unless those individuals or their successors give notice of a change to the other Parties in writing. Written notice as specified herein shall constitute complete satisfaction of any written notice requirement of the Consent Decree with respect to the United States, EPA, and the Defendants, respectively.

As to the United States:

Chief, Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
P.O. Box 7611, Ben Franklin Station
Washington, D.C. 20044
Re: 90-11-2-4130

Director, Superfund Division

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27 28 Mail Code SFD-1 75 Hawthorne Street. San Francisco, California 94105

United States Environmental Protection Agency Region IX

As to Defendants:

Richard Q. Nye 2200 E. Camelback Road Suite 103 Phoenix, Arizona 85016-3455

XIV. RETENTION OF JURISDICTION

This Court shall retain jurisdiction of this matter for 21, the purpose of enforcing the terms of this Consent Decree.

XV. EFFECTIVE DATE

22. This Consent Decree shall become effective upon the date of its entry by this Court.

PUBLIC COMMENT XVI.

23. This Consent Decree shall be lodged with the Court for a period of thirty (30) days for public notice and comment. The United States reserves the right to withdraw or withhold its consent if the comments regarding the Consent Decree disclose facts or considerations which indicate that this Consent Decree is inappropriate, improper, or inadequate. Defendants consent to the entry of this Consent Decree without further notice.

XVII. SIGNATORIES

24. Each of the Defendants and the representative of the United States Department of Justice certify that he or she is

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authorized to enter into the terms and conditions of this Consent Decree and to execute and bind legally such Party to this document.

25. Defendants hereby agree not to oppose entry of this Consent Decree by this Court or to challenge any provision of this Consent Decree, unless the United States has notified Defendants in writing that it no longer supports entry of the Consent Decree. Upon approval and entry, this Consent Decree shall constitute a final judgment under Rules 54 and 58 of the . Federal Rules of Civil Procedure.

ENTERED THIS 5 DAY OF Toventue.

Earl Heaven

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United States District Judge

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FOR THE UNITED STATES:

JOHL C. CRUDEL Againg Assistant A

Acking Assistant Attorney General Environment and Natural Resources Division

United States Department of Justice

JAMES R. MacAYEAL

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KEITH A. TAKATA
Director, Superfund Division
United States Environmental
Protection Agency; Region IX

1 FOR THE UNITED STATES: 2 3 4 ng Assistant Attorney General 5 nvironment and Natural Resources Division 6 United States Department of 7 Justice 8 9 10 11 Environmental Enforcement Section 12 Environment and Natural Resources Division 13 P.O. Box 7611 14 Ben Franklin Station Washington, D.C. 20044 15 (202) 616-8777 16 PAUL K. CHARLTON 17 United States Attorney District of Arizona 18 SCOTT BALES Ariz. Bar No. 010147 Assistant United States Attorney 19 United States Courthouse 20 Room 4000 230 First Avenue 21 Phoenix, Arizona 85025-0085 Telephone: (602) 514-7500 22 23 24 25 Director, Superfund Division United States Environmental 26 Protection Agency, Region IX 27

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The undersigned Defendants hereby consent to the foregoing Consent Decree in United States v. Rudi R. Vafadari, et al., on behalf of: Defendant, STEVEN C. CALROW Date: 6/1/01 Defendant, TABANDAH V. CALROW Date: 6/1/01 Tabandah Paliow